



The President's Daily Brief

March 7, 1975

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PORTUGAL

The US embassy in Lisbon believes that stabilizing political elements have come into play in Portugal in recent weeks. They are beginning to provide a sense of direction and hope to the formerly inchoate and disjointed moderate forces. Military moderates are reacting to international criticism and to excesses both within and outside the government; leaders of the Armed Forces Movement are increasingly aware that they are dealing with complicated issues and that there are no simple solutions; non-communist political parties are emerging as an independent force. Encouraging as these factors are, however, they are still only stirrings compared to the well-directed and vigorous communist offensive.

The turning point in the strengthening of the moderate forces was the fight over the unitary labor law which divided the socialists from the communists and finally brought about President Costa Gomes' announcement of an election date. Subsequent developments include:

- the emergence of an economic program which contains an immediate role for the private sector;
- the assumption of greater powers by the seven-man junta at the expense of the Movement's more radical Coordinating Committee;
- the steady momentum of the election process despite communist delaying tactics;
- the increasing confidence of the moderate parties that an acceptable compromise can be reached with the Movement on the military's future role in government.

The embassy notes that there is now a greater sense of equilibrium in Portugal. The political campaign, however, combined with economic uncertainty and labor and student unrest will bring further stress to the Portuguese scene.

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The embassy sees the most immediate dangers as an attempted coup by the right and a rising campaign of violence from the extreme left. The embassy judges the latter to be the greater danger of the two.

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ISRAEL-EGYPT-PLO

Israel seems anxious not to let the incident of the fedayeen raid on Tel Aviv cloud the atmosphere for negotiations with Egypt.

The Israelis have taken pains to refute the terrorists' cover story that the seaborne raid was launched from Egypt and Defense Minister Peres said that the crew of the raiders' mother ship, seized yesterday by the Israeli navy, confessed that they had come from Beirut. [REDACTED]

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Cairo's commentary on the raid has been restrained. A spokesman for President Sadat confined himself to noting that the incident highlights "the current explosive situation" and points up the need for a meaningful disengagement.

The Palestine Liberation Organization has taken responsibility for the raid, which our embassy in Beirut believes must have been cleared by the top PLO leadership. Palestinian broadcasts have claimed that the raiders' target was the US embassy in Tel Aviv and that the attack was designed to thwart Secretary Kissinger's "conspiratorial efforts" to disrupt Arab unity.

Aside from the efforts of both Tel Aviv and Cairo to play down any negative impact the raid might have on their negotiations, the significance of the incident appears to be its testimony to the serious strain in Egyptian-PLO relations. By dramatizing their frustration with Sadat, the Palestinians probably hope to encourage other Arab leaders to push him to insist more strongly that the US cannot afford to ignore indefinitely the PLO's claims. They successfully used a variant of this tactic to reduce Sadat's room for maneuver at the Arab summit in Rabat last year.

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CAMBODIA

Fairly heavy communist rocket and artillery shelling throughout the day yesterday failed to interrupt the US airlift into Pochentong airfield.

Several diplomatic missions--including those of South Vietnam, Thailand, South Korea, the UK, Australia, and West Germany--are in any case preparing to evacuate their personnel from Phnom Penh.

Elsewhere, about 1,000 government troops pulled out of a key outpost guarding the Mekong River base at Neak Luong. According to an intercepted message the communists have surrounded another nearby outpost and are preparing a "final" attack.

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IRAN-IRAQ

The Shah of Iran and Iraqi strongman Saddam Husayn signed an agreement yesterday that purportedly resolves the conflict that has led to numerous armed border clashes between their countries during the past year. The differences between the two leaders were substantial, and the agreement may be chiefly a hollow response to pressures for accommodation from important Arab leaders rather than a substantial understanding. Certainly the language pertaining to violation of the agreement does not augur well for its durability.

The two sides reportedly agree to:

- define their river boundaries according to a mid-channel principle;
- exercise strict border control and prevent infiltration of subversives;
- demarcate their land frontiers according to agreed procedures;
- regard violation of any part of their accord as a violation of the entire agreement.

The mid-channel principle is a major Iraqi concession. The border control clause implies yielding on Iran's part since it seems to prohibit further Iranian military aid to the Iraqi Kurds. The Kurdish rebels are almost wholly dependent on Iranian support. It seems unlikely that the Shah would abandon them without securing in return a pledge that Iraq would halt or at least delay resumption of major military action against them. The Kurdish issue--crucial to Iraq--may be the subject of a secret agreement.

If a meaningful accord has been reached, presumably it would soon be reflected in a relaxation of military tensions along the Iran-Iraq border. At present, Iran is bolstering Kurdish forces in anticipation of a new Iraqi offensive. Iraq appears to be preparing for such an offensive and in making ready for it, is receiving new Soviet military equipment.

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THAILAND

Seni Pramot and his proposed coalition cabinet--defeated in a confidence vote in the National Assembly yesterday--presumably will remain in a caretaker capacity until a new government can be formed.

Seni's policy statement, which called for the withdrawal of all US forces within 18 months, was not the issue that brought him down. The political right, which enjoys considerable support from the military elite, finds Seni unacceptable because of his long opposition to military rule. The left, which Seni had hoped to court with his demand for a US withdrawal, reportedly did not trust him to carry through on his "radical" promises and so decided to vote against him.

The initiative now shifts to the conservative bloc which, together with the political center, controls the bulk of the assembly seats. [redacted]

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[redacted] Seni's more conservative brother Khukrit--who is more acceptable to Thailand's vested interests--will be given the first opportunity to form a new center-right coalition. A respected journalist and former assembly speaker, Khukrit enjoys the support of army commander Krit Siwara and several other key generals.

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The conservatives, nevertheless, will probably find it difficult to put together a viable coalition since they must contend with the ambitions of many of the 22 parties elected to the assembly. In an effort to forestall a popular outcry against Seni's defeat, the conservatives may even try to outdo the moderate assemblymen by demanding an accelerated US withdrawal. For example, conservative spokesman and party leader Praman has said that he thinks US forces should be withdrawn within one year.

Negotiations on selection of the key cabinet portfolios may drag on for several weeks. Khukrit [redacted] would insist on placing several of his more moderate colleagues in the cabinet and that he would not serve as a figurehead in a right-wing government.

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MIDDLE EAST

*Rising congestion at ill equipped
and poorly managed Middle Eastern ports
is severely hampering delivery of the
swelling volume of imports to the area.*

Imports piled up at docks and storage areas have forced ships to wait two weeks at Abu Dhabi, three weeks at Bahrain, four weeks at Saudi Arabian ports, and two months at Basra before berthing or offloading into smaller craft. This congestion has made a shambles out of shipping schedules. Shipping charges have risen dramatically.

Overland transport between Europe and the Middle East is faring no better. Hundreds of laden freight cars are stranded between Europe and the Middle East because the rail systems of Iran, Iraq, Syria, and Lebanon cannot handle the traffic. Bulgaria and Greece have refused new rail traffic since November. The USSR and Turkey are now limiting transit--Western shippers are being limited to 80 freight cars a day through to the Middle East. Trucks are also backing up at key border points.

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China has postponed, and may cancel, its remaining contracts for US cotton.

Earlier this week, China canceled contracts for about 233,000 bales--over 50 percent of the US cotton currently scheduled for delivery. These were in addition to contracts totaling about 33,000 bales that were canceled in late December or early January. In canceling the contracts, the Chinese agreed to pay the suppliers the difference between the contract price and the current lower market price. Export markets for China's finished textile products have been depressed for some time. Consequently, Peking began reducing cotton imports in late 1974.

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Table I
Estimated Communist Military and Economic Assistance
to North Vietnam

Million Current US\$ ^a					
MILITARY					
	1970	1971	1972	1973	1974^b
Total Military Assistance	205	315	750	330	400
Military Equipment and Materiel	140	240	565	230	275
Air Defense Equipment	20	85	310	100	55
Ground Forces Equipment	45	80	110	40	45
Ammunition	70	60	130	85	170 ^c
Other	5	15	15	5	5
Military Transportation Equipment (Trucks, helicopters, transports)	20	15	30	35	25
Other Military-related Support^d (Delivery and packaging costs, spare parts, POL for the military, technical assistance and training, medical supplies)	45	60	155	65	100
ECONOMIC					
	735	755	465	670	1,295
Total Economic Assistance	735	755	465	670	1,295
Commodity Shipments^e	635	645	360	540	1,145
Food	65	60	80	170	420
Fertilizer	10	15	5	5	25
Petroleum	10	10	5	15	55
Machinery, Transport Equipment, & Metal Products	240	175	125	165	345
Other	310	385	145	185	300
Technical Assistance (Includes cost of foreign technicians in NVN and NVN trainees abroad)	100	110	105	130	150
Total of estimated communist goods and services provided to North Vietnam	940	1,070	1,215	1,000	1,695
Less — North Vietnamese exports to communist countries ^f	50	50	30	80	125
Total estimated communist aid to North Vietnam	890	1,020	1,185	920	1,570

^a Because of rounding, individual figures do not always add to the totals in this table.

^b The data for 1974 are preliminary.

^c Although ammunition supplied to North Vietnam in 1974 constituted an estimated 40 percent of its military aid, the data regarding probable ammunition costs per ton are admittedly "soft." Therefore, if the price estimates are off by, say, 10 percent, the total value for ammunition alone could fluctuate by some US \$17 million.

^d The lack of hard information on the items included under "Other military-related support" makes these estimates subject to a wider margin of error than exists for other categories of military assistance to North Vietnam.

^e For economic goods, the cost of transportation is included in the cost of the goods as shown in the table. (For military goods, delivery and packaging costs are included under "Other military-related support.")

^f Since North Vietnamese exports in these years paid for some of North Vietnam's imports, they have been subtracted to derive the estimates of Communist aid to North Vietnam.

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COMMUNIST MILITARY AND ECONOMIC AID TO NORTH VIETNAM,
1970-1974

*We present the major conclusions
drawn from recent interagency analyses
of Communist military and economic aid
to North Vietnam.*

Communist aid to North Vietnam from 1970 to 1974 is estimated at \$5.6 billion. Total Communist military and economic aid in 1974 was higher (in current dollars) than in any previous year, as shown in Table I.

--The high level of military deliveries in 1972 replaced North Vietnamese combat losses in that year.

--The cessation of US air attacks in North Vietnam at the beginning of 1973 and the decline in combat activity in the South in 1973 resulted in decreases in air defense equipment assistance and in the amount of ammunition and ground forces equipment provided to Hanoi.

--In 1974, the delivery of ammunition to Hanoi markedly increased and reached a level as high as that of 1972, although deliveries of ground forces equipment continued at relatively low levels.

--At the levels of military aid shown, North Vietnam's military capabilities in the South have increased, demonstrating that NVA capabilities are not exclusively aid-driven--particularly when the aid flows of only one or two years are considered.

Economic aid to North Vietnam during 1970-1974 amounted to about \$3.6 billion, rising from almost \$700 million in 1970 to nearly \$1.2 billion in 1974.

--Economic aid was reduced to nearly \$400 million in 1972 with the closure of North Vietnamese ports, but with their reopening rose in 1973 and reached a record level in 1974. The economic aid increase in 1974 was further

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spurred by typhoons which damaged the 1973 North Vietnamese autumn rice harvest, the inflation of dollar values in 1974, and the increased pace of North Vietnamese reconstruction in 1974.

--China became the leading supplier of economic aid for the first time in 1973.

The estimates of military and economic aid to North Vietnam are not equivalent to--and hence not comparable with--US aid to South Vietnam.

--On the matter of accuracy, our information on North Vietnam has always been incomplete, although coverage on civilian imports is substantially better than for military aid. The drawdown of the US presence in Southeast Asia has further limited [redacted]

[redacted] so that current information on North Vietnam is less comprehensive than it was formerly.

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In particular, on the question of Communist military aid, our information base is very spotty. Hence we know we are seeing only part of the picture on military aid, and our estimates for the part we cannot see have a wide margin of error.

--Military aid to North Vietnam is focused on materiel required for the type of military action undertaken by the Communist forces in South Vietnam--i.e., selected attacks from redoubt areas at times and places of their choice.

US military aid to South Vietnam supports a different military mission--i.e., defense of scattered communities, large agricultural areas, and lines of communication, plus reaction and reinforcement of local forces after Communist attack. As the total forces for the different missions differ in size, so do their requirements for assistance.

Throughout the war, South Vietnam's forces have been roughly twice the size of North Vietnam's forces in the South, primarily because the missions of South Vietnam's forces--protecting population and holding territory--have required a much larger and widely dispersed military structure.

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Table II
Comparisons of Major Categories of
Communist Military Aid to North Vietnam and
US Aid to South Vietnam^a

In Million US \$

	Communist Military Aid Delivered to North Vietnam CY 1974	US Military Aid So Far Appropriated to South Vietnam FY 1975
Total Military Aid^b	400 (100%)	700 (100%)
Military Equipment and Materiel	275 (69%)	268 (38%)
Air Defense Equipment	55 (14%)	-- (negl.)
Ground Forces Equipment	45 (11%)	-- (negl.)
Ammunition	170 (43%)	268 (38%)
Other	5 (1%)	-- (negl.)
Military Transportation Equipment	25 (6%)	-- (negl.)
Delivery Costs	20 (5%)	74 (11%)
Other Military-Related Support	80 (20%)	358 (51%)
<i>(including spare parts, POL for the military, technical assistance and training, medical supplies, and miscellaneous costs)</i>		

^a The figures on Communist aid to North Vietnam (some of which are soft estimates) are not readily comparable with US aid appropriations for South Vietnam. Also, the data on Communist aid is kept on a calendar year basis while US aid appropriations are keyed to a Fiscal Year cycle. The above table, however, gives a rough indication of the way the two aid packages break out in CY 1974 for Communist aid and FY 1975 for US aid.

^b One reason for the wide disparity is a charge against the US aid account for administrative expenses for the DAO in South Vietnam which has no known counterpart on the Communist side. There are also other items for which no counterparts on the Communist side are available, such as offshore maintenance servicing of military equipment, and construction.

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--The GVN has therefore also required a combat air force and an ability to redeploy forces rapidly by ground and air transport. Thus, the types of equipment supplied to South Vietnam by the US have been more sophisticated and therefore more expensive than those required by Hanoi. South Vietnam also requires considerably more logistic support.

--In addition, shipping, overhead, and other support costs of military aid to the GVN are substantially more than support costs of Communist aid to North Vietnam because of the greater distance involved and other factors. (See Table II.)

--On the economic aid side, much firmer data are available on the amount of goods delivered, although there is a lack of information on quality and appropriate price data, as well as on the number of technicians and academic trainees.

It should also be noted that, in the final analysis, what is significant is not so much the level of military assistance but the relative balance of forces on the battlefield in South Vietnam. North Vietnamese forces in South Vietnam, supported by record stockpiles of military supplies, are stronger today than they have ever been.

The Communists are expected to sharply increase the tempo of the fighting in the next few months. Given the present military balance in the South, the GVN's forces will not be decisively defeated during the current dry season. At currently appropriated levels of US military assistance, however, the level of combat that we anticipate in the next few months will place the Communists in a position of significant advantage over the South Vietnamese forces in subsequent fighting.

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